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SIPDIS

SENSITIVE

PRETORIA, MAPUTO PASS A/S CONSTANCE NEWMAN

STATE FOR AF/S, AF/EPs

USAID FOR AFR/SA

TREASURY FOR INTERNATIONAL AFFAIRS/AFRICA/LUKAS KOHLER

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [EAID](#) [KMCA](#) [MI](#)

SUBJECT: PRESIDENT PRESSES DEVELOPMENT AGENDA

SENSITIVE BUT UNCLASSIFIED - ENTIRE TEXT

1. Summary: President Mutharika last week launched a new series of regular meetings with donor heads of mission, and used the occasion to amplify his vision of Malawi's development. The president emphasized economic growth, rural development, performance evaluation, and the need to mobilize all available talent to contribute to Malawi's development. End summary.

Growth is Key

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2. President Mutharika met with Charge, USAID Director and other donor heads of mission on February 14, in the first of what will be a regular series of quarterly meetings. The president opened the meeting with an overview of his development strategy, emphasizing the need for economic growth. Lamenting that Malawi had made very little progress in 40 years, he said he is "alarmed" by a recent UNDP report on the state of poverty in the country. Declaring that Malawi "cannot reduce poverty unless it grows" the president said it is necessary to "increase the supply side" so that the country will "have something to distribute." He emphasized that the Malawi Economic Growth Strategy (MEGS)-- which he himself put forward when he was economic planning minister-- is the guiding document for the GOM's development effort, and that the current poverty reduction strategy will become a "pillar" of that plan.

Private Sector Must Lead

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3. To our satisfaction, the president called attention to the work of the National Action Group (NAG) as an essential forum for raising development issues of national importance. NAG is a unique government-private sector-donor dialogue forum of about 40 key national players that meets bimonthly to discuss how to improve the business and investment climate. Mutharika asserted that the private sector is very important for growth, and for that reason he had added "private sector development" to the portfolio of the trade minister and had appointed a businessman to that post in his cabinet reshuffle earlier this month. Similarly, he noted his appointment of a businessman as the new reserve bank governor, to more effectively respond to the needs of the business community. He talked of the need for new ideas to promote exports, and said that, for example, he would like to declare all of Malawi to be an export processing zone.

4. Stressing the need for rapid growth with a stable macroeconomic environment, the president said "we must bring inflation way down, and bring interest rates down and keep them there." Barring unforeseen circumstances, he expressed optimism that Malawi would have at least six percent growth "within two years."

Grow, But Don't Forget the Rural Poor

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5. Mutharika stated unequivocally that Malawi's development plan must "bring large numbers of rural poor into the growing economy." He proclaimed that rural development is "near and dear to my heart" and said that he is a strong believer in integrated rural development efforts where government would increase the building of infrastructure in rural areas. He condemned as "a mistake" the forced removal of Asian businesses from the countryside during Hastings Banda's time, and said that the policy had left a negative impact on rural development. Mutharika stressed the need for economic empowerment of women, saying that some seventy percent of agricultural commerce in Malawi passes through their hands. He pronounced himself very pleased at having recently launched his one billion kwacha rural loan scheme, and said that he wished for "a billion more" to help the rural poor. The president spoke of these issues very passionately, and cited his experience working in Kenya as proof that rural development schemes can be effective.

16. The president spoke enthusiastically about the need to mobilize all Malawians to participate in the country's development. Sounding his pet themes of hard work and self-reliance, he declared that Malawians must take responsibility for their own development. He said that his countrymen should emulate the optimism and forward-looking perspective of countries like the USA, and that like Americans, they should learn to "laugh at themselves and survive."

17. He touted a new plan to involve Malawi's 8,000-person army in infrastructure projects such as construction of bridges and dams, and said that he would like to invite expatriate Malawians with professional expertise to return home for short sabbaticals to help build the country. He spoke of the need to "retrain, reorient, and remotivate" the country's civil service. His message to civil servants is "If you don't want to work, go home!" Mutharika declared that the government needs a sound monitoring system, benchmarks, timeframes, and reporting of results. Note: the minister of economic planning told us this week that he has been charged with developing a strategic planning framework and results reporting for all GOM ministries. End note.

Comment

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18. From this meeting and many other encounters, we are increasingly impressed with President Mutharika as a man of vision who has loads of ideas. During the course of this meeting he floated several big ideas covering everything from technology to tourism. He has a vision for where he wants Malawi to be, and he makes it clear that he wants to have some solid achievements to look back on when he leaves office. He is also a man in a hurry, and he recognizes his limited window of opportunity for action.

19. To accomplish his agenda, Mutharika faces two challenges. First, he has to form concrete plans to bring his economic growth strategy into reality. To date, he has yet to flesh out the details of his plans to invest in growth, and donors are concerned about the possibility of a "big project" approach to development spending. Second, and perhaps most important, Mutharika has to impart his enthusiasm and sense of urgency to his subordinates, who must do the work to make his vision a reality.

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